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INTERNATIONAL FINANCIAL INSTITUTION (IFI) PROCUREMENT

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INTERNATIONAL FINANCIAL INSTITUTION (IFI) PROCUREMENT

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Guide to Icons

The Tips and Warning icons are intended to draw your attention to special information.

Tip

Warning

Additional Sources of Support

This guide is intended as an introduction to international financial institution procurement. It focuses on the major issues and does not go into details. For that, we have identified additional sources of information and support.

To help you find the source best suited to your immediate needs, each source has been coded to indicate what it does. Please note that some sources of support require that you be a subscriber, and others are available only to residents of that Province or Territory. If a source does more than one thing, it has been coded accordingly.

This source will provide you with *printed* or *verbal* information.

This source will help you *find, understand*, or take an *action*.

If you qualify, this source may provide you with *financial* assistance.

This source can provide you with training in the form of *seminars* or *courses*.

This icon indicates a source of support with special emphasis on the housing industry.

Please note: the sources of assistance included in this publication reflect the situation at the time it was written. Some sources may no longer be available, others may have changed the services they offer, many more may be available on the Internet.

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Introduction

This guide is for the small to medium-sized housing exporter (SME) who is interested in selling products or services to projects funded by the six International Financial Institutions (IFIs) in developing countries. Canadian housing product manufacturers have not been getting their fair share of goods and services procurement in this important market. A government task force established to look into the reasons for this reiterated a need to stimulate SME activity in this export market (see its recommendations in Chapter 7. This guide is intended to help chart a path to greater IFI procurement success for Canada's new housing exporters.

The developing world markets

First, it will tell you where to get information. As with exporting to the developed world, exporting to developing countries means preparation. Use all the books listed in Chapters 9 and 10. These you can download from the Internet sites listed. Contact the Canadian liaison offices at the IFIs (OLIFIs). Find out which government programs can help you: PEMD for marketing and bid preparation, REE for Eastern Europe, CIDA for feasibility studies. Subscribe to *Development Business* or its online service, *Scan-a-Bid* and the other bank periodicals (see Key Contacts). Look through all the IFI databases (see Information on the Internet). This preparation will tell you where the projects are, which ones are a good fit for your product and company, and how to bid for them.

The developing markets are the over 100 countries in Africa, South America, Central America, the Caribbean and Asia that are IFI borrowers: the world's poorest countries. IFI-sponsored projects are where the private sector – companies like yours – meets the world's neediest buyers. The scope of World Bank projects is illustrated Chapter 5: rebuilding Bosnia, upgrading slums in Algeria, widening roads in China or repairing earthquake-damaged bridges in the Philippines. These are people who know the value of the money they are borrowing. You need to show value and get whatever advantage you can to overcome the competition.

Getting an advantage

Your product has to be needed; it has to be durable and high-quality; and it has to be selected for purchase by the developing country's executing agency for the project ahead of foreign as well as local companies, which, as anywhere else, need the work. The decision maker for an IFI sponsored project in a borrowing country will often be a shrewd trader and negotiator, keen to make the best possible deal for his country. What terms can you give us? he will ask. Can you work with a local company? That is one factor that can give you an edge. Can you transfer or licence technology? That might be another factor. Can you train local people to run the project? That might be a third.

Another factor in your favour would be to speak the local language. If your company representative speaks the language, or knows the local culture, again you have an advantage. Canadians have a built-in linguistic advantage: our two official languages are spoken by 90% of the world and we have a population of immigrants. There are more than 100 languages spoken in Canada. This is a tremendous resource that has yet to be fully exploited. See Canada's Multiculturalism Means Business *directory in the Chapter 10: IFI borrower regions represented there include the Caribbean, Africa and Central Europe. Use this resource: talk to Canadian business people to find out about the market; hire them to represent you to create trust with the people you are targeting.*

Another consideration is that in the developing world, as elsewhere, officials are sometimes corrupt, seeking to profit personally from your transaction. As the note in Chapter 4 suggests, find out the country's standing on the Transparency International "corruption index" on the Internet and confirm it with other sources. If the country is on the list as corrupt and you decide to proceed, make sure you act defensively to protect your interests both in Canada and abroad.

All of the above factors have to do with effective preparation for your marketing effort to the developing market and winning the approval of the key decision makers. Chapter 8 is a checklist used by large firms to pre-screen a project. Over and over that list mentions the crucial need to meet with and influence the key decision makers. It notes the need for a local presence – even a permanent office or wholly-owned subsidiary in the country. The list is included for the benefit of the SME: it is an excellent guide to the issues you have to consider when you are preparing to bid on a large IFI capital project – or a piece of it.

The scope of IFI procurement

Looking at Chapter 5, you can see that the scope of many IFI projects is immense: reconstruction of Bosnia – spending of over US$5 billion in three years; Algerian slum renovation – a budget of US$400 million over five years. The IFIs support large capital projects that are usually bid on by large firms. Canada has some, but not many large firms in this field, where merely bidding for a project can cost over $1 million. That is a recognized disadvantage. However, it can be overcome through consortium building and a common-front government-industry partnership approach. This should be encouraged.

For the smaller exporter there are at least three other options: you can bid on the many smaller ($1 million or less) housing products procurement tenders let by the IFIs (see *Development Business*); you can join a larger Canadian – or foreign – bidder consortium, or partnership, as a supplier or subcontractor; or you can approach a bid winner (announced in each issue of Development Business) and make them an offer. Often, especially if you can deliver quickly, you will be successful.

Overview

Chapter 1 describes the IFIs and what they do. Chapter 2 outlines Canada's track record in IFI procurement and some advantages to entering the market. In Chapter 3 the IFI project cycle and procurement process are described, while Chapter 4 outlines the bidding process and how to survive it. Chapter 5 describes several large IFI projects, then outlines some procurement announcements and contract awards to show how the IFIs operate. Chapter 6 sets out where the government assistance is – the IFI Procurement Specialist Network, a recent initiative. Chapter 7 discusses the recommendations of the Task Force on IFI Procurement. Chapter 8 contains a detailed checklist for firms interested in bidding on IFI-supported projects. chapter 9 outlines the banks' procurement procedures. Chapters listing key contacts, addresses and Internet sites as well as Glossary and Bibliography complete the guide.

1. What Are the IFIs?

The term "international financial institution" (IFI) could reasonably be applied to any commercial, merchant or other private banking entity with international operations. However, it has become commonly associated with the six multilateral development banks owned by the governments that finance loans and credits to more than a hundred low to middle-income countries.

These six institutions are the World Bank, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the Caribbean Development Bank and the European Bank for Reconstruction and Development.

What Do They Do?

IFIs exist first and foremost to further social and economic advancement in developing countries: they are the main financial intermediaries for the movement of assistance capital from developed countries to developing ones. Only the European Bank for Reconstruction and Development, geared toward privatization in the countries of Central and Eastern Europe, has a different focus.

The banks provide policy advice and make repayable loans to governments or public institutions for investment in sound public-sector projects that generate a return.

The banks themselves are not party to contracts. Rather, contracts involving IFI financing are made between a firm (or a consortium of firms) and the borrowing member country or an agency of that country.

Who Are Members?

IFI membership is open only to sovereign governments, and each bank has a different group of members. A member country contributes to bank funding according to a predetermined scale reflecting its economic strength.

In all IFIs except the European Bank, a firm can only compete for bank-funded projects if its country is a bank member. Since Canada is a member of each of these banks, Canadian firms can compete for projects undertaken by all of these banks.

Voting power is a function of each member's relative capital share, but most operational decisions are taken by consensus rather than vote. Operational authority is exercised by a board of governors, which in turn delegates to a board of executive directors.

Canada is permanently represented on each IFI board of directors by a Canadian national. The following is a brief look at each bank, its background and current financing levels.

World Bank Group

Headquarters: Washington, D.C., United States
179 members, 142 borrowing countries

The World Bank was established in 1945 and was initially known as the International Bank for Reconstruction and Development (IBRD). It is the largest development institution in the world, having lent more than US$300 billion to over 140 countries and more than 6,000 projects over the last 50 years.

Today, the term World Bank refers to both IBRD and its affiliate, the International Development Association (IDA), established in 1960. IBRD and IDA share the same staff and provide funds for development projects. The only difference is that IDA offers financing to the poorest nations and on softer terms and conditions than those of IBRD.

IBRD, or the World Bank, is owned by its 179 member countries (membership includes both donors and borrowers). It raises its funds on the world's financial markets and lends at attractive market rates to governments of developing countries with relatively high per capita incomes (over US$835 yearly in 1996). Between 1989 and 1994 it approved an annual average of US$15.6 billion in loans for development projects. It leverages relatively small amounts of shareholder capital into large amounts of development financing. Canada's contribution to the last capital increase in the World Bank was US$71.1 million. Canada holds a 3.1 per cent share of the total.

IDA was established in 1960 to provide concessional loans to the governments of the poorest countries (less than US$835 per capita income in 1996). Financed by its 155 donor countries, IDA credits are interest-free and repayable over 35 to 40 years. During the past five years IDA has approved an annual average of US$6.4 billion in loans for development projects in these countries. Canada's latest contribution was C$829 million, about four percent of the total replenishment of US$18 billion. The World Bank Group also includes three other organizations:

1. **The International Finance Corporation (IFC),** established in 1956 to promote private sector growth in developing countries through private investment. IFC is owned by its 161 member countries; its annual investments average US$2.5 billion. Canada's latest contribution was US$35.4 million, or 3.5 per cent of the total.
2. **The Multilateral Investment Guarantee Agency (MIGA),** founded in 1988. For its 119 member countries, MIGA provides insurance or guarantees to foreign investors against loss from non-commercial risks for up to 90 per cent of the investment, with a current limit of US$50 million per project, and promotes dialogue between borrowing governments and the international business community.

3. The International Centre for Settlement of Investment Disputes, founded in 1966 to promote investment by providing a forum for conciliation and arbitration of disputes between governments and foreign investors.

In 1995, the World Bank approved over US$22 billion in loans and credits. Seldom the sole lender on a project, World Bank financing usually represents between 30 and 40 percent of a project's total cost. Therefore, the total lending pipeline associated with World Bank financing is roughly three times larger than what the bank itself contributes.

Inter-American Development Bank

Headquarters: Washington, D.C., United States
46 members, 26 borrowing countries

The Inter-American Development Bank (IDB) is the oldest and largest of the regional IFIs. Established in 1959, its purpose is to nurture economic and social development in Latin America and the Caribbean. In addition to its headquarters in Washington, IDB operates field offices in Paris, Tokyo and its borrowing member countries.

IDB's current goals are to intensify its involvement in social reform, strengthen the private sector, restructure the state, oversee productive modernization, and encourage greater involvement of all members of society in decision making.

To this end, 40 per cent of its lending volume is now aimed at social reform projects. Of particular interest to those in the housing sector is the emphasis on urban and rural development. Another 40 per cent is dedicated to traditional infrastructure projects such as transportation and energy.

In 1995 IDB lent US$7.3 billion for 73 new projects, and anticipates loaning an average of US$6 billion over the next three to five years. With the World Bank's lending, over US$10 billion in loans is approved annually for the region. This lending, enhanced by sweeping political, economic and trade reforms underway in most of the region, has resulted in a substantial increase in business opportunities for suppliers and consultants.

Companies from borrowing countries receive slightly more than 50 per cent of all contract awards, with the remainder going to non-borrowing member countries, including Canada.

Caribbean Development Bank

Headquarters: Bridgetown, Barbados
25 members, 17 borrowing countries

The Caribbean Development Bank was established in 1969 and, although the smallest regional bank, is the largest single financer of capital works projects in the Caribbean.

In 1995, the bank approved 19 new loans for projects totalling US$108 million.

Because the bank's portfolio is relatively small, country and sectoral distribution of lending varies considerably from year to year. Cumulatively, however, between 1970 and 1995, Jamaica received 17 per cent of all loans, followed by St. Lucia and Guyana. Barbados, the Bahamas, and Trinidad and Tobago have also received major project support.

The construction of shelter and infrastructure accounts for roughly 15 per cent of all projects funded by the bank.

Asian Development Bank

Headquarters: Manila, Philippines
56 members, 36 borrowing countries

The Asian Development Bank was founded in 1966 to promote the economic and social progress of its developing member countries. It provides project financing and technical assistance to its borrowing countries throughout the Asian and Pacific region. Many of these countries, including China and members of the Association of South-East Asian Nations, are among the world's fastest growing economies.

All OECD countries, including Canada, are shareholders.

In 1994, US$3.8 billion in loans was approved by the Asian Bank (down from nearly US$6 billion the year before). Social infrastructure, including urban development, is forecast in 1996 to have a lending priority of 20 per cent. China, Indonesia, India, Pakistan, Philippines, Vietnam and Bangladesh are forecast to be major loan recipients.

The Asian Bank's technical assistance program, administered in Manila according to a rigorous process designed to ensure impartiality and consistency, has proven a convenient gateway to Asian markets for many Canadian consulting firms.

Firms have recourse to the bank if they feel that a contract award was made unfairly by a borrowing country.

African Development Bank

Headquarters: Abidjan, Ivory Coast
77 members, 53 borrowing countries

The African Development Bank was founded in 1964. Its four main priorities are reconstruction and rehabilitation, development of the private sector, increasing trade and economic integration, and the elimination of poverty.

Unfortunately, the bank's past achievement has not been good. In 1994, a report of the bank's portfolio known as the Knox report concluded that the bank may self-destruct unless strengthened through reforms in its governance and management. A lack of systematic monitoring, supervision and reporting of bank projects, an absence of staff accountability, and the flouting of bank rules and procedures all contributed to leave the bank in a precarious state.

New hope for the bank comes in the form of restructuring and restaffing, which is currently underway. About 170 positions were abolished, and 60 new positions are being filled. Most of the bank's long-term executive directors have been replaced, including the president, and the bank is reportedly developing "a new culture", a new country focus and a development action plan.

Beneficial economic aid is urgently needed for Africa. Sound projects wisely administered could do a great deal to enhance financial independence there. Canadian firms should inform themselves of developments in the restructured African Bank as they occur and prepare for opportunities that will emerge.

European Bank for Reconstruction and Development

Headquarters: London, England
59 members

The European Bank for Reconstruction and Development (EBRD), established in 1991, has a portfolio of C$10 billion. Its mandate is to foster the transition to open market economies and to promote private and entrepreneurial initiative in the countries of Central and Eastern Europe and the former Soviet Union. Necessary conditions to fulfilling such a mandate are institutional infrastructure and a healthy business environment.

EBRD's strategy is to commit no less than 60 per cent of its capital resources to private sector operations and up to 40 per cent to public infrastructure, energy and environment works.

Its Merchant Banking department handles the funding of private or privatizable enterprises in the competitive sector. Funding of physical and financial infrastructure projects is carried out through the Development Banking operations department.

The bank permits anyone to bid on bank-financed projects, regardless of whether their country is a bank member. It actively seeks projects that will help develop the private sector and create a modern infrastructure, including small and medium-sized enterprise, while at the same time exercising sound environmental management. Products or services should also offer a high return on investment and make use of dependable technology.

2. The Canadian Housing Industry and IFI Procurement

Procurement of goods and equipment accounts for roughly 60 percent of moneys channelled through IFIs; civil works, 30 per cent; and consulting services, 10 per cent. In some cases, an even greater percentage is spent on goods and equipment. The World Bank, for instance, disbursed nearly 90 per cent of its money on this area in 1993, with 7 per cent on consulting and 6 per cent on civil works.

Lending is increasingly in sectors such as education, health and nutrition, environment, legal and regulatory reform, and social development. Even so, two-thirds of funding still goes to infrastructure development, including housing. Housing-related goods and equipment procured include hardware and durable goods.

Civil works and related services contracts are awarded for the construction of infrastructure such as ports, highways, schools, bridges, water-supply facilities and power plants. Housing-related consulting services retained include installation and construction supervision, environmental-assessment studies, engineering design and feasibility studies.

The Canadian Housing Industry's Success Rate

Canadian housing consultants and consulting firms, especially large service providers like engineers and architectural firms, have done relatively well in the IFI-funded marketplace. The consulting community has won between five and ten per cent of all IFI-funded consulting service contracts, placing Canada fifth in this segment among competitors from Organization for Economic Co-operation and Development (OECD) countries.

Unfortunately, to date, Canadians, and small to medium-sized housing product manufacturers in particular (with some notable exceptions), are virtually absent from the goods and equipment and civil works segments of IFI-supported projects.

For example, in 1994, the IFIs funded contracts to Canadian firms totalling US$295 million, roughly one per cent of the market share, ranking Canada twelfth among competitors from wealthy countries. Given that Canada is one of the top seven industrialized countries in the world, it might be expected to do better (see Tables 1 and 2).

Table 1. Canadian IFI Contributions and Procurement by Canadian Firms 1991-1994 (C$ millions)

Year	World Bank (Disburs.)		IDB (Disburs.)		AsDB (Awards)		AfDB Disburs.)		CDB (Awards)		Totals	
	Cont.	Proc.	Cont.	Proc.	Cont.	Proc.	Cont.	Proc.	Cont.	Proc.	Cont.	Proc.[2]
1994[1]	261	260	21.2	45.0	17.7	102.3	91.1	38.0	7.60	9.70	399	455
1993	266	256	1.30	41.7	78.6	31.9	113.5	35.7	1.10	3.40	461	369
1992	277	215	13.3	57.1	51.1	42.7	97.1	15.7	5.90	5.70	444	336
1991	226	200	5.10	52.7	90.6	21.9	66.6	17.6	3.3	0.20	392	292
Average	257	233	10.2	49.1	59.5	49.7	92.1	26.7	4.50	4.80	425	363
Proc./Cont.	$ 0.91		$ 4.81		$ 0.84		$0.29		$ 1.06		$ 0.86	

1 Estimated values.

2 Procurement totals do not include EBRD contract awards in 1993 and 1994 of approximately C$30 million.

Source: DFAIT and others, *Interdepartmental Task Force on IFI Procurement*, June 1995, page 4.

Table 2. World Bank Contributions and Procurement for Selected Countries (US$ millions)

	Contributions	Procurement	Return on Contributions
France	1,055.6	4,536.8	4.30
Italy	822.0	2,755.5	3.35
United Kingdom	1,972.4	5,299.0	2.68
Germany	2,876.6	5,849.0	2.00
Belgium	585.3	881.8	1.51
Japan	5,398.8	7,748.0	1.43
United States	6,048.4	7,363.5	1.20
Canada	1,245.1	1,420.5	1.14
Netherlands	1,312.1	1,053.6	0.80
Sweden	701.4	666.5	0.95

Source: Gurprit S. Kindra, *Canadian Procurement Strategies at the World Bank*, University of Ottawa Faculty of Administration Working Paper 93-33, page 8.

As few as 200 Canadian firms – a tiny fraction of the Canadian housing industry – participate in IFI bids in any given year and about half of these, mostly in consulting services, are successful. Of the 200 bidders, approximately 50 are equipment suppliers, 120 are consulting firms, and the rest supply raw materials and commodities. An additional 50 firms, which do not submit bids themselves, may participate as subsuppliers. Very few are in the housing field.

Canadian government agencies closely involved in monitoring Canada's procurement performance in the IFI marketplace estimate that between 150 and 200 Canadian suppliers could potentially bid on major IFI equipment contracts (those valued over US$5 million) and that another 4,000 to 6,000 could participate as subsuppliers to major contractors. Moreover, they estimate that Canadian firms could realistically bid yearly on between US$6 billion and US$9 billion of the overall foreign procurement of US$12 billion.

Why Should the Housing Exporter Get Involved?

If you are a small to medium-sized housing product manufacturer, you may be missing out on excellent business opportunities. In addition to the vast amount of money at stake, the pursuit of IFI-funded business should attract you for a number of reasons.

First, it is relatively easy to identify business opportunities.

The simplest way of finding out about opportunities is through Development Business, a periodical published twice a month by the United Nations, which lists IFI procurement notices and awards.

Examples of recent housing-related tender notices include a municipal infrastructure project in the West Bank and Gaza and the Russian Federation airport modernization and extension. The listing of contract awards enables readers to follow up on subcontract opportunities. As well, operational summaries of the banks are included monthly or quarterly. *Development Business* is also available online as *Scan-A-Bid* and *Summary of Procurement Projects (SOPP)* from Knight-Ridder (see Chapters 10 and 11 for subscription details for samples from both the hard copy and electronic versions). A wealth of information is also available through the developing countries themselves, the IFIs and the IFI procurement specialist network described in Chapter 6.

Second, using IFI procurement can reduce the element of risk.

Export business entails risk – especially with developing countries with only rudimentary legal, financial and regulatory structures. The elaborate framework that shapes the relationship between IFIs and their borrowers indirectly benefits Canadian firms in the following ways:

- Clear rules – A rule-based system allows Canadian firms to compete on an equal footing with firms from the rest of the world (see Table 4, Chapter 3, for an outline of the ICB procurement process).
- Impartial dispute settlement – Any disputes concerning the execution of the contract can be settled in an impartial forum in accordance with clear, generally accepted principles.
- Assurance of payment – Contractors or suppliers to IFI-financed projects are guaranteed payment, in convertible currencies, for their goods or services.

Canada's Export Development Corporation also offers protection from risk through its insurance and guarantee facilities.

Third, IFI procurement will enhance your track record.

Canadian firms successfully engaged in IFI-funded business develop a valuable track record and experience that can help them capitalize on other opportunities in emerging markets:

- Experience on capital projects – Mastering the complexities of IFI guidelines for bidding on procurement opportunities (see Chapter 9) can propel Canadian firms into the lucrative world of privately-financed international capital projects.
- Experience with specific developing country markets – Working on IFI projects can lead to other non-IFI-funded commercial opportunities in the same countries.
- Experience with complex financing – Learning one's way around a complex financing process from multiple sources will lead to more similar project work.

3. How the IFI Procurement Process Works

The IFI Project Cycle

The process by which the six IFIs respond to loan requests is driven by a standard project development cycle evolved by the World Bank. The project cycle shapes the way the IFI and the borrower collaborate, indicates approximate time lines for moving through the cycle, and spells out the actions to be taken and the informational outputs to be produced at each stage of the process. Table 3 illustrates the lengthy World Bank Project Cycle, which, for a major project, can take a decade to complete.

Stages

1. Project identification, in which the borrower and the bank analyze strategies for the borrower's economy and decide on projects that support those strategies.
2. Preparation, in which the borrower discusses technical and institutional alternatives for achieving a project's objectives. Feasibility and environment studies are usually carried out at this point. Contractors and suppliers need to start making contacts with borrowers during this stage.
3. Appraisal, in which the bank reviews all aspects of the project.
4. Negotiation between the bank and borrower, leading to board review and approval.
5. Implementation, which normally starts within a few months of loan signing, during which procurement notices and letters of invitation will be published. Borrowing countries have full responsibility for implementation.
6. Post-implementation and evaluation by the bank.

This cycle is the model that regional IFIs have either replicated or adapted for their own use (see the Glossary at the end of this guide for differences in terminology from bank to bank). Only the cycle for the European Bank for Reconstruction and Development is unique, with requests for funding submitted directly to the bank by the executing agency (or the firm itself, in the case of private ventures). Proposals are reviewed by the bank for their financial, technical and environmental viability and considered in light of the bank's agreed country strategy.

The bank and the borrower in the standard project cycle work closely throughout the process. The banks differ somewhat on the degree of their involvement. The Asian Development Bank, for example, as well as having a strong voice in the identification of priorities, is also involved in project preparation (through fact-finding to establish feasibility).

Table 3. World Bank Project Cycle

Stage	Approx. Time Required	Responsible Party	Description	Sources of Funds for Canadians
Identification	1-2 years	Borrower (and bank)	Identification can come from Bank economic & sector studies, Bank Identification missions, or privately sponsored identification missions. To be included in the Bank multi-year pipeline, projects must have provisional support of Bank and Borrower.	Bank Resources Consultant Trust Funds (CIDA, DFAIT) CIDA-INC Professional Services CIDA Bilateral Funds
Preparation	1-3 years	Borrower (with close Bank supervisor)	Stage entails developing project idea into detailed proposal covering technical, economic, financial, social, institutional aspects. Usually consultants are hired by the Borrower for Feasibility and Environmental Impact Studies, Project design and other aspects of project preparation.	Bank often arranges financing (special technical assistance and engineering loans), reimburses the Borrower for preparatory work with the proceeds of the proposed loan or from a loan for a previous project in the same sector, or makes advances from a Project Preparation Facility. Funds can also come from UN agencies, Consultant Trust Funds, bilateral aid, or regional development banks. Canadians have Trust Funds, CIDA-INC, and DFAIT funds (for Eastern Europe).
Appraisal	3-6 months	Bank	Comprehensive review of technical, economic, financial and institutional aspects of the project by Bank staff, sometimes with outside consultants. Procurement needs and co-financing arrangements are defined.	Bank resources Consultant Trust Funds
Negotiation	1-2 months	Borrower and Bank	After review of appraisal report, loan negotiations begin, including procurement arrangements.	Bank resources
Implementation & Supervision	2-6+ years	Borrower (under Bank supervision)	After loan approval, funds are available to purchase capital goods and expertise needed. Bank is not a party to any contract but requires ICB in procurement and carefully supervises implementation and procurement process. Borrowers, with consultant help if necessary, prepare specifications and documents, set up the procurement schedule, publish the advertisement, evaluate bids and award the contract.	Bank Loan Funds; Co-financed funds from the regional development banks, CIDA bilateral, EDC and commercial banks; CIDA-INC Professional Services (for training components); PEMD (for bid preparation)
Evaluation	6 months	Bank	Independent evaluation which compares actual results with expected results and records lessons learned.	Bank resources

Source: DFAIT and others, *Interdepartment Task force on IFI Procurement*, June 1995, page 11.

The Inter-American Development Bank relies on its offices in the borrowing countries to supervise project implementation (IDB uses the term 'execution'), including procurement review. With the Caribbean Development Bank, officers cannot influence borrowers on procurement matters as they can in other IFIs. Staff do not participate in any consultant selection committees and advise on a project at arm's length only after it has been approved and is being implemented.

IFI Procurement Takes Time

There is no doubt that the process of approval and implementation of IFI projects is long and expensive. The World Bank estimates that it can take seven to ten years to move through the entire cycle and cost a firm anywhere from C$250,000 to $1 million or more to prepare an IFI-supported bid.

A firm should generally not consider bidding on IFI contracts if it does not have sufficient human resources (varies with the particular housing product and service), experience (three years minimum, preferably five) and sales (you should have a financial position in the high seven figures to tender a bid on your own).

Subcontracting: A Viable Option

It is also true that other business opportunities, and subcontracting in particular, can arise at several stages in the cycle.

In general, consulting services are contracted at almost any point in the project cycle, although the need occurs more often in the early stages, especially with the Asian Development Bank during the fact-finding stage. Moreover, during implementation, consultants are often used to supervise contracts and, in some cases, to begin the identification and preparation of follow-on projects.

Procurement of civil works construction, equipment and supplies takes place mainly during a project's implementation stage. Suppliers can bid for subcontracts on projects already being implemented by approaching the successful bidder (announced in *Development Business*), even as the project is progressing through another stage of the project cycle.

How Contract Awards Are Made

Procurement and consultant selection for IFI projects is governed by a set of clear, well-defined rules and procedures. In general, these procedures are shaped by the following principles:

- economy and efficiency in the use of public funds (generally, low cost and high technical competence);
- equitable opportunity for eligible bidders;
- some domestic preference, in most cases to foster local supply capabilities; and
- transparency in the process of awarding contracts.

While the principles for procurement are the same for all IFIs, each institution has its own set of guidelines, which a firm must follow to the letter. An outline of the guidelines for both goods/civil works procurement and selection of consultants is provided in Chapter 9.

Goods and Civil Works

The International Competitive Bidding (ICB) method is the preferred approach for procuring goods and civil works (see Table 4 for an outline of the typical process). Limited International Bidding and National Competitive Bidding can also be used.

In essence, ICB procedures require:

- broad, non-discriminatory specifications and disclosure of selection criteria;
- protection for bidders from currency and inflation risks;
- payment through letters of credit, where possible;
- a public bid opening; and
- an international forum for settlement of disputes.

ICB contracts must be widely advertised in a variety of specified media (especially Development Business) to alert potential bidders to the opportunities.

ICB contracts are awarded to the lowest-evaluated responsive bid, which may not necessarily be the lowest-priced bid. As long as they are clearly spelled out in the bid documents, other factors besides price may also be taken in account, for example,

- quality;
- durability;
- availability of after-sale service and spare parts; and
- training.

Table 4. Typical Process for Procurement of Goods and Construction Services through International Competitive Bidding (ICB) on Projects Financed by IFIs

ACTIONS	
BY EXECUTING AGENCY	**BY THE BANK**
1. Discusses financing requirements, breakdown of contract packaging and general procedures with the Bank.	2. Agrees with borrowers on items it will finance and approves general procurement procedures to be used.
3. Prepares bidding documents, invitations to tender (or pre-qualification) and instructions to prospective bidders. (With help from independent consulting firms as necessary.)	4. Approves bidding documents and pre-qualification procedures.
5. Pre-qualifies prospective bidders for civil works and major equipment where applicable. (With help from independent consulting firms as necessary.)	6. Reviews and approves pre-qualification results.
7. Advertises in the international media like *Development Business*, *Scan-a-Bid* and SOPP, issues invitations to tender (approximately 45-90 days before deadline for receipt of bids and notifies the embassies of major supplier countries.	8. May request borrower to issue either clarification or correction to bid document following complaint from prospective bidder, or extend the bidding period, when justified.
9. Publicly opens and tabulates bids, analyzes bids, notifies the Bank of bid evaluation and recommends contract award to lowest evaluated and responsible qualified bidder.	10. Reviews bid evaluation and recommendation, and authorizes borrower to proceed with the contracting. Approves the draft contract.
11. Notifies selected suppliers, negotiates and signs contract, obtains bank approval for significant changes from approved draft contract. Sends copy of final contract to the Bank.	12. Reviews and records signed contract.
13. Requests Bank for downpayment disbursements and letter of credit guarantees.	14. Directs payment following receipt of proof of shipment, etc. Prepares statistical report on the sources of procurement.

Source: DFAIT, *International Financing Data: A Business Guide to Export Financing and other Financial Assistance*, 8th Revision, March 1991, page 9.)

With ICB, bidders are not required to provide financing, nor can any supplementary financing that a bidder might offer be considered in evaluating bids. Negotiation on price or any other conditions of the bid is not allowed, except under special, IFI-approved circumstances.

IFI procurement guidelines stipulate that contract awards must be made by borrowers without regard to political considerations. There is no quota system linking the award of contracts to the size of a country's contributions or share of membership in an IFI.

For certain large or complex construction works and for major custom-made equipment tenders, IFI procurement guidelines may encourage borrowers to prequalify potential contractors, in a process separate from the bid-evaluation procedure.

Prequalification can benefit bidders and borrowers alike by saving unqualified bidders the expense of bidding or encouraging them to form partnerships to increase their chance of success. By ensuring that inadequately qualified competitors are excluded, prequalifying encourages leading suppliers or contractors to bid.

Selection of Consultants

The selection of consultants is by nature more subjective than goods procurement and is shaped by a variety of intangible factors. IFI guidelines are accordingly less precise, urging borrowers to choose consultants best able to give good results. The typical consultant selection process is outlined in Table 5.

For consultants, there is no public advertising of opportunities, nor is competitive bidding required. The preferred method is, however, open, competitive selection from a short list of three to six firms, with no more than two from a given country. At the request of a borrower, the IFI will provide names of firms to ensure the short list reflects competence and diversity.

The IFIs require the borrower to prepare terms of reference describing the assignment, a budget, details of the consultant selection process, a short list of firms to be invited to submit proposals, and the letter of invitation to submit a proposal. The winning proposal and the draft contract are subject to approval by the funding IFI.

The main criteria for selection are the experience of the firm, the technical content of the proposal, and the qualifications of the individuals involved.

Practices for hiring consultants differ among IFIs. In some cases, the borrower will be allowed to continue with a specific consulting firm and dispense with the competitive process. Because differences exist, Canadian consultants seeking contracts from borrowers, or from IFIs directly, should familiarize themselves with their target IFI's selection guidelines (see Chapter 9).

Table 5. Typical Process for Selection of Consulting Firms on Projects Financed by IFIs

ACTIONS	
BY EXECUTING AGENCY	**BY THE BANK**
Step 1	Step 2
Prepares: – terms of reference – selection procedure – short list of qualified firms	Reviews and approves: – scope of work – terms of reference – selection procedures – list of eligible firms[1]
Step 3	Step 4
– invites unpriced proposals (and in some cases priced proposals in separate sealed envelopes) – rates proposals in order of technical competence – selects best proposal – negotiates contract with selected firm	Reviews and approves: – technical evaluation proposal – final draft of contract – implementation schedule
Step 5	Step 6
– signs final contract – firm implements work – reports progress to the bank	– evaluates performance of consultant's work for bank's confidential reference

1 The IFIs almost never recommend consultants to the borrower. It is easier, however, for a bank to review a short list submitted by a borrower if a consulting firm which is on the short list is also registered with that bank. In general, banks will shortlist consultants or invite proposals on their own only in rare cases where they are the executing agency for another institution or for technical assistance programs. In some cases, the poorest borrowers will delegate this role to a bank when they decide that the bank is better equipped to assume it.

(Source: DFAIT, 1991, International Financing Data: A Business Guide to Export Financing and other Financial Assistance)

Individuals and firms can register cost-free on any or all of the IFIs' consultants rosters. Merely registering will not necessarily lead to contracts – consultants must still undertake project and country-specific marketing to be successful – but it provides an opportunity for contact and in some instances is required.

The Canadian Consultant Trust Funds

Trust funds have been set up through the Canadian International Development Agency (CIDA) with several of the IFIs for the use of Canadian consultants.

World Bank:
CIDA recently replenished the Canadian Consultant Trust Fund (Country Specific) and the Trust Fund for Central and Eastern Europe at the World Bank. It also established a new trust fund for the Global Environment jointly with Environment Canada.

International Finance Corporation (IFC):
At IFC, the World Bank's private-sector arm, Canada has set up another fund, the Canadian Industrial Cooperation Fund, to be used by consultants undertaking feasibility studies, pilot projects, rehabilitation, technology transfer and other agreed activities.

These trust funds are accessible only to the World Bank (or IFC) project task manager, not the Canadian firm. Information on these funds can be obtained from the Office for Liaison with the IFIs or at the Canadian Embassy in Washington, DC.

CIDA's Economic Development Institute
Here a collaborative training program makes consulting funds available for training projects in all countries eligible for Canadian development assistance.

Inter-American Development Bank (IDB):
The Canadian Technical Co-operation Program fund at IDB may be used to finance consultant services needed in any of the steps related to project preparation and design. Use of this fund is triggered by a request from an Inter-American Bank member country or a project officer. Details can be obtained from the Office for Liaison with IFIs at the Canadian Embassy in Washington, DC.

Asian Development Bank (AsDB):
Trust funds tied to use by specific countries are not permitted at AsDB. Despite its name, the Japan Special Fund, an important source of technical-assistance funding administered directly by the bank, is available for consultancy use by any member country.

Caribbean Development Bank (CDB):
The Canadian Technical Cooperation Fund at CDB supports the participation of Canadians in the bank's analytical work, as well as in the identification, preparation and implementation of bank projects. Priority sectors are poverty reduction, the environment, human resource development and economic growth. For information on this fund, call the Canadian High Commission, Bridgetown at
(809) 431-1600.

An update on Canada's trust funds is published biannually by CIDA's International Financial Institutions Division (see Chapter 11).

Co-Financing

The role of the IFIs as sole source lenders for projects is declining as private capital flows increase and the ability of host countries to provide sovereign guarantees for loans decreases. For anyone considering a large international capital project, the ability to secure co-financing is becoming an increasingly important factor.

The availability of co-financing for a project is heavily influenced by the packaging of contracts. For example, export credits may be available for certain equipment purchases on a project, but rarely for the construction components involved. In such cases, the contracts would be set up so that the bank would finance the civil works such as dam construction and the export credits would be used for the purchase of turbines and generators.

Two main methods for structuring co-financing arrangements are available:

- parallel financing, in which the co-lender and the IFI finance different goods and services or different components of a project; and
- joint financing, in which the financing of all or certain contracts is shared between the bank and the co-lender in agreed proportions, and all procurement must be done according to the bank's procurement guidelines, which prohibit tied funds, that is funds tied to use according to country of origin.

The most commonly used method is parallel financing, because it accommodates the fact that many co-lenders, including bilateral aid institutions such as the Canadian International Development Agency, export credit agencies like Canada's Export Development Corporation, regional development banks, and special funds established by regional blocs such as the OPEC aid institutions, put limitations on the use of their funds.

Three banks in particular have entered into co-financing arrangements:

1. World Bank Group

Almost half the projects approved by the World Bank annually now attract additional financing. New instruments have been developed to facilitate the expanding volume and type of co-financing for IBRD and IDA operations.

For example, the bank's guarantee can be used flexibly to finance commercial debt for private or public entities in developing countries, but not to guarantee equity capital or loans from other official multilateral lenders or export credit agencies, like the Multilateral Investment Guarantee Agency.

Additional funding has been channelled to the World Bank by way of the Policy and Human Resources Development Fund, financed by Japan, to provide support for project preparation, especially in private-sector development and privatization, environment and women-in-development activities. In 1993, the bank made commitments totalling US$130 million from this fund.

2. Asian Development Bank

The Asian bank supplements its own lending with extensive co-financing (mainly parallel and joint) from an array of other official and private lenders. Other forms of co-financing are possible:

- umbrella or stand-by financing, where the bank initially finances a whole project but cancels a portion of its loan when co-financing becomes available;
- channel financing, where co-financiers channel their funds to a developing member country through the bank; and
- participation financing, where commercial or other private institutions participate in the bank's complementary financing scheme.

3. African Development Bank

Since 1976, CIDA has co-financed 26 projects with the African Bank, with contributions totalling C$333 million. Of these, one-third were in the transportation sector, another quarter were in energy, and 14 per cent were in agriculture. Each of these sectors has significant housing components.

4. Approaching IFIs and Their Clients

The 85:15 Solution

The first thing to remember when approaching the IFI procurement marketplace is that the bank is not your market. It is only the supplier of a key, even catalytic part of the total financing, but it is not a party to the contract. Before you bid on a contract, the loan to the borrower has already been approved.

Each borrower has an executing agency, usually the borrowing country's government, which is fully responsible for project implementation. Interested companies should therefore target their sales and marketing efforts to the executing agency.

At the same time, the buyer and the seller must conduct business according to the rules enunciated by the IFI. And one of the key points in this regard is that the IFIs' primary objective is to help developing countries advance themselves socially and economically.

In budgeting your resources for bid efforts, therefore, think in terms of an 85:15 division: 85 per cent of time and money in the borrowing country; 15 per cent with the IFIs. And, if you spend time in the developing target market, you may find, as elsewhere, that there is corruption. You should prepare for this.

A Note on Corruption

International business has always had to face the fact of the involvement of corrupt officials and business people in export-import business dealings. No country is exempt from corruption, although some are more affected than others.

Check the country's current "corruption index" standing on the Transparency International list. The IFI bid process is designed to blunt the impact of corruption; but it is impossible to eradicate. When you come up against it, remember that you operate under Canadian federal and provincial laws anywhere in the world. Avoid business practices that contravene those laws or even appear to contravene your business ethics.

Local business culture often involves the giving – and indeed the exchange – of gifts at business meetings. This, of course, is not corruption: simply good business. It creates trust and good will that will make the project negotiations move more smoothly. Learn the right way to do business by "doing as the Romans do" in the country in which you want to do business. Ask the Trade Commissioner in the country about this: learn about the business culture, its rituals, and the proper etiquette for the exchange of cards or gifts.

Transparency International

A new organization has emerged to track and work to reduce official corruption around the globe. Established in Berlin in 1994 by Tobias Eigen, a former senior official at the World Bank, Transparency International (TI) is a non-profit international organization that, among other things, publishes a newsletter on the efforts of various countries and organizations to combat government-business corruption. TI also ranks countries by perceived level of corruption in what it calls the Corruption Perception Index. It lists 54 countries (as of November 1996); more will be added as TI expands its network of business interviewees. The Index is based on surveys of international business executives.

Make sure you understand precisely what the rankings are telling you about the country in which you have an interest. Corroborate this information with other sources. To contact TI, you can telephone the Executive Director, Tobias Eigen, at: +49-30-803-5484 or access the TI Websites at http://www.transparency.de, or http://www.is.in-berlin.de/service/ti.html

Prepare Before You Bid

Begin your preparation by following these steps. Also see Chapter 8 for a comprehensive checklist on questions to ask about your bid and your project before you start.

1. Focus on the right market. The capital project market is so country and sector-specific that selecting and researching a target market is a vital first step. Avoid non-specific "fishing expeditions" that waste time and money. In addition to Development Business, Canadian government posts with the Canadian International Development Agency and the Department of Foreign Affairs and International Trade can be valuable sources of information. Once you select it, establishing an effective corporate presence in your target market is an excellent way to pursue prospective market possibilities and impress your client.
2. Make use of the help that is available. The IFI Procurement Specialist Network is a public network of resource people, programs and products in Canada and overseas, including International Trade Centres, Offices of Liaison with International Financial Institutions (OLIFIs) and government (see Chapter 6).

The IFIs also produce information on country and sector lending plans and on all projects progressing through the lending cycle. The World Bank and the Inter-American Development Bank have public information centres on their premises in Washington, which can also be visited electronically via the Internet (see Chapter 12).

3. Tap into the knowledge base of previously successful Canadian companies and consider the merits of partnering and setting up consortia for bidding purposes.
4. Find out what the international competition is doing in Development Business and your trade papers. Consider forming partnerships with one or more foreign firms, if possible.

5. Market your products, services or capabilities aggressively to potential buyers, and use the positive Canadian image for the asset that it is.

Tendering a Bid

The complexity of the service or product a firm wishes to offer will have a direct bearing on the effort required to mount a contract bid. Bid documents are lengthy and complex, and must be completed in full to be responsive. It is not within the scope of this guide to write a sample bid: in any case, each one is unique to each sector of the housing industry, from the large turnkey project suppliers to the SME manufacturers of housing products. But do not let the bid documents deter your submission. If you have the right product for the project and the capacity to deliver, the effort is well worth it.

Thoroughly review the bidding documents and letters of invitation from the borrower's executing or procurement agency for any ambiguities, contradictions or restrictive clauses. Seek clarification from all relevant parties (primarily from the borrower, but also from the IFI, if necessary).

Write your bid responsively and carefully. Cover every detail. Pay close attention not only to the buyer's expectations, but also to the required specifications, and especially to procedural details such as deadlines, and the number of required copies and signatures.

If Your Bid is Not Successful

If your first bid is not successful, meet with the decision makers and ask why. Next time you will be in a stronger position to win. If you feel there were irregularities in the awarding of a contract, seek resolution promptly. The Canadian Office of Liaison with International Financial Institutions (OLIFI) at the bank concerned can help you with small disagreements. For larger disputes, you should contact the OLIFI Canadian Executive Director.

5. Illustrations of IFI Housing Procurement Opportunities

In this chapter, two large IFI projects are described, as well as a number of procurement notices and contract awards, to illustrate how the IFIs operate and to demonstrate the project definition-procurement continuum in a practical way. Note in particular the scope of these projects and their components, and the place of housing procurement of goods and services, as well as consulting.

These project descriptions are meant to provide a representative sampling of the large amounts of reading of specifications, bid documents, etc., required in approaching IFI procurement. These documents can seem very lengthy and tedious; but you should learn to be on the lookout for certain types of information which can signal an opportunity. For an obvious example, the words "fast-track" and "respond quickly" (see The Reconstruction of Bosnia and Herzegovina below), can tell you that if you have a required supply of inventory on hand, you may be able to make a sale ahead of slower suppliers. Speed, however, is not always of the essence in IFI procurement: recall that the project cycle can stretch over a decade or more.

Information on the first two projects was received from DFAIT. The procurement notices and contract awards were published in Development Business, 16 June 1996.

Major Projects

1. The Reconstruction of Bosnia and Herzegovina

IFIs: World Bank and European Bank for Reconstruction and Development (EBRD)

Project Description: Reconstruction of Bosnia's infrastructure. The reconstruction assistance programs are intended to support rapid improvement in the living conditions of the people by addressing basic needs: food, shelter, water, electricity, heating, health and education. In addition, there are programs to revive industry and agriculture, restore destroyed infrastructure and clear land mines.

Funding: More than $US5 billion over the next three years (1997-2000). Most of this money (likely about 75 per cent) will come from individual donor countries, mainly from Europe, the remainder as a long-term loan from the IFIs. Because of this, procurement contracts will in great measure be "tied" to companies from those countries. Some Canadian firms with European subsidiaries have already formed strategic alliances and joint ventures with donor countries. This has allowed them to bid jointly for procurement offers.

Canadian Assistance: Financial assistance for any project for Eastern Europe is available to Canadian housing companies through the Renaissance Eastern Europe (REE) program and PEMD (see Chapter 6). Assistance is also available from funds specially earmarked for Bosnia and Herzegovina, as well as parts of Croatia, within CIDA's Consultant Trust Funds at the World Bank and the EBRD.

Fast-Track: Because of the urgency of the situation in the country, the usually lengthy pre-implementation IFI process was fast-tracked. Companies interested in applying were expected to be ready to respond quickly: this may well be a factor in winning a bid.

Reconstruction Priorities and Programs: Virtually all of these programs contain some housing procurement requirements. These have been set in boldface:

1. ***Water and Waste Management*** – rehabilitate and upgrade water supply, sewerage, solid waste disposal, irrigation, flood control/drainage systems, water management policies and plans.
2. ***Energy – Electric Power*** – Measures to restore full electrical power service throughout the country.
3. ***Energy – District Heating*** – Measures to repair and restore urban heating services in cities throughout the country.
4. ***Energy – Natural Gas*** – Funding of gas consumption in Sarajevo, restoration of full natural gas network to residential and industrial areas.
5. ***Energy – Coal*** – Revive the most competitive coal mines, restore output.
6. ***Transport*** – Rehabilitate the transportation network including roads, bridges, tunnels, railways, airports (especially Sarajevo airport), etc.
7. ***Telecommunications*** – Restore services, support privatization of industry, establish mobile telecommunications.
8. ***Agriculture*** – Reduce dependence on food aid, restore farms devastated by war, provide equipment, seed, livestock, fertilizer.
9. ***Industry*** – Reform enterprise and banking sectors, establish predominant role for private sector. Jumpstart industrial production in food, clothing, footwear, medicine, hygienic items, building materials, power generation, and urgent human survival needs.
10. ***Education and Cultural Facilities*** – School operation and maintenance, educational materials, rebuild teaching force, build institutions, remedial education, reconstruction and rehabilitation of school facilities, stabilization and protection of cultural facilities.
11. ***Health*** – Support salaries for doctors, nurses and other health-care workers, buy drugs and basic medical supplies, prevent and control epidemics, rehabilitation for war victims, reconstruction and rehabilitation of health infrastructure, and sector reforms.
12. ***Housing*** – Repair and reconstruct residential housing and public buildings in Sarajevo, technical assistance.
13. ***Landmine Clearing*** – Mine awareness training for people in affected areas, targeted and wide-scale clearing.

For More Information on Similar Projects: Call the OLIFI in Washington, DC, or the World Bank Public Information Centre (see Chapter 11).

2. Low-Income Housing in Algeria

IFI: The World Bank and the International Bank for Reconstruction and Development (IBRD).

Project Background and Description: The Algerian government, faced with a population increase of 2.7 per cent, a per capita income decrease of 20 per cent since 1985, high unemployment and rapid urban migration, which have resulted in a housing shortfall of some 2 million units in Algerian cities (population of 26.7 million, 4 million households) and an occupancy ratio of 8.5 persons per unit, has decided to upgrade the housing for the urban poor in slum areas. Cities targeted include Algiers, Oran, Constantine and Annaba.

Specific works include the construction and upgrading of trunk infrastructure for urban expansion areas in the above cities; importing of foreign construction materials; technical assistance to improve the institutional framework.

Funding: US$400 million over the next five years, with US$100 million as a loan from the IBRD, and the remainder from a co-financier (currently being sought) and the Algerian government (50 per cent of total).

For More Information: Call the OLIFI in Washington, DC, or the World Bank Public Information Centre (see Chapter 11).

Typical Procurement Notices

1. Construction of the Regional Public Health Institute in Bénin

IFI: African Development Bank (AfDB)

Project Description: Construction of the institute in three stages:

1. administrative and teaching buildings, refectory/kitchen/cafeteria, gymnasium, maintenance unit, laundry and sheds for refuse and various purposes;
2. married and single students' quarters, homes for administrators, homes for support staff, refuse shed; and
3. roads, road network, sports playing fields, drying-shed, sentry-box and fencing enclosure.

Funding: Bank loan, in various currencies.

For More Information on AfDB: Call the OLIFI in Abidjan, Côte d'Ivoire, DFAIT or the CIDA IFI/Multilateral Programs Branch (see Chapter 11).

2. Emergency Transport Reconstruction Project in Bosnia and Herzegovina

IFI: European Bank for Reconstruction and Development (EBRD)

Project Description: General procurement notice by EBRD of its intention to support the emergency reconstruction of the transport infrastructure in Bosnia. EBRD is announcing future tenders for its own segment of the project only, consisting of road, bridge and tunnel construction, the rehabilitation of Sarajevo Airport and technical cooperation and training.

Funding: Projected at US$155 million, of which the EBRD component is some US$30 million, with the rest co-financed by the World Bank, and concessional loans and grants from other multilateral (including Canada) and bilateral donors.

For More Information on EBRD: Call the OLIFI in London, UK, DFAIT or the Bank (see Chapter 11).

3. Contractor Pre-qualification for Construction of Resort Hotel in Jamaica

IFI: Caribbean Development Bank (CDB)

Project Description: A Jamaican developer, Runaway Bay Development Limited (RBDL), has applied to the Caribbean Development Bank for funding to build a 225-room hotel. This announcement invites applicants to prequalify for the tender call, which is to be issued later. This announcement illustrates the prequalification – a feature of the Caribbean Bank bid tendering process.

Funding: IFI and the developer, in percentages to be negotiated.

For More Information on CDB: Call the OLIFI in Bridgetown, Barbados, DFAIT or the CIDA IFI/Multilateral Programs Branch (see Chapter 11).

Typical Contract Awards

The following contract award announcements were published in *Development Business, 18 June 1996, pages 28-29*, by the Asian Development Bank (AsDB). For more information on AsDB, call the OLIFI in the Philippines, DFAIT or the CIDA IFI/Multilateral Programs Branch (see Chapter 11).

Goods

1. Provision of Components for Bridge Retrofitting in the Philippines

Project Description: Equipment/goods for the Bridge Retrofitting Program to repair earthquake damage, in Diliman, Quezon City, the Philippines. C.M. Pancho Construction, of Quezon City, the Philippines, the Contractor, will provide the required goods for the executing agency, the Department of Public Works and Highways of the Philippines.

Funding: Amount of contract is US$2,377,002.

2. Provision of Sewage Electrical and Mechanical Equipment in China

Project Description: The above equipment will be provided by Purac AB of Sweden, the Contractor, to five Quingdao executing agencies.

Funding: Amount of contract is US$7,274,789.

Works

3. Renovation of Market in Bangladesh

Project Description: The ground floor of Mirpur Market, Bangladesh will be renovated by the Contractor, M/S MD. Yousouf Hossain, under the Dhaka Urban Infrastructure Improvement Project, for three Dhaka municipal government departments as executing agencies.

Funding: Amount of contract is US$1,707,314.

Consulting

4. Rehabilitation of Water Supply and Sanitation in Vietnam

Project Description: The firm of Sogreah Ingénierie of Echirolles, France, will provide consulting services to the Ho Chi Minh Peoples' Committee as executing agency to assist them in upgrading the water supply and sanitation facilities in Ho Chi Minh City.

Funding: Amount of contract is US$5,781,316.

6. Canadian Government Assistance: The IFI Procurement Specialist Network

A public network of resource people, programs and products involved in enhancing Canadian competitiveness in the IFI marketplace is being consolidated to help the would-be exporter. The main components of this network are outlined below.

International Trade Centres

Located in each major Canadian city, the International Trade Centres, operated jointly by DFAIT and Industry Canada, provide general introductory material about the IFIs and some specific documentation, such as bidding guidelines. They can also refer businesses to others in the IFI network.

Department of Foreign Affairs and International Trade

Offices of Liaison with International Financial Institutions

Offices of Liaison with International Financial Institutions (OLIFIs) are located in the Canadian diplomatic missions in four IFI headquarters cities, namely Washington, DC, for the World and Inter-American Banks; Abidjan, Ivory Coast, for the African Bank; Manila, Philippines, for the Asian Bank; and Bridgetown, Barbados, for the Caribbean Bank (see Chapter 11).

OLIFI services to Canadian firms include

- providing information on IFI organization, structure, project cycle and procurement processes;
- counselling on appropriate marketing approaches;
- facilitating the organization and delivery of technical briefings by Canadian companies to IFI officials;
- identifying contacts, opening doors, making appointments; and
- researching, tracking and disseminating project information.

Canadian Executive Directors

Canadian Executive Director's offices in each of the IFIs represent and protect Canadian interests at the policy level to ensure that firms are competing on a level playing field. They flag concerns related to the application of procurement procedures and intervene on behalf of Canadian firms when necessary. They also provide access to intelligence and high-level support.

At the European Bank for Reconstruction and Development, the Executive Director's office performs OLIFI services as well since there is no liaison office at the Canadian High Commission. All OLIFI contact names and numbers are listed on pages 40-43.

Canadian Missions Abroad

Canadian missions in borrowing countries help facilitate contact with the local executing agencies. Generally speaking, OLIFIs are best placed to provide project information during the stages of loan development while missions are best informed on implementation status after approval.

InfoCentre

Information from the Department of Foreign Affairs and International Trade is available through the InfoCentre. Some background information on IFIs is available, as well as the latest publications from each bank and guidelines for doing business. The InfoCentre also provides trade and export-related information, including guidelines for government programs that assist the private sector in international business and exports.

InfoCentre
Tel.: 1-800-267-8376 or (613) 944-4000
Fax: (613) 996-9709
E-mail: ski.comment@extott09.x400.gc.ca

Much of the information is available electronically through the InfoCentre's home page on the World Wide Web:

http://www.dfait-maeci.gc.ca

There is an electronic bulletin board called InfoCentre Bulletin Board (IBB), which lists all the World Bank projects in their various stages of development along with detailed project information. For full access to the system, businesses must first be registered on the WIN Export database, details of which are given on the IBB main menu:

1-800-628-1581 or (613) 944-1581

Set your modem to 14,400 baud, line to N-8-1, terminal emulation to ANSI/ASCII.

There is also a faxback system, which requires that clients call from the telephone handset on a fax machine and use the touch-tone key pad. The number is (613) 944-4500.

Program for Export Market Development

The Program for Export Market Development (PEMD) is the government's primary international business development program. It aims to increase exports of Canadian goods and services by sharing the costs of activities that companies normally could not undertake alone, thereby reducing the risks involved in entering a foreign market.

PEMD contributes to a maximum of $50,000. Preference is given to companies with annual sales over $250,000 and under $10 million.

PEMD's main component, Market Development Strategies (MDS), provides assistance on the basis of a company's market-targeted, multi-activity, one or two-year international marketing plan. Given the longer planning horizons in the international marketplace, MDS gives prior approval to a package of support for visits, trade fairs, and other marketing activities. Eligible costs are shared 50/50. MDS contributions are repayable over four years on the basis of four per cent of incremental export sales in the target market.

The New to Exporting Companies component of PEMD helps Canadian companies that have no export experience and lack a consistent capability to export. A maximum of $7,500 is available to companies for either a market identification visit or participation in an international trade fair.

Particularly valuable for companies wishing to bid on IFI projects is PEMD's Capital Projects Bidding program. Capital Projects Bidding assists Canadian engineering, construction, architecture and management consulting firms in bidding or proposal preparation for major capital projects outside Canada. The bid value to the applicant must be greater than $1 million, and the PEMD contribution is a maximum of $50,000.

The InfoCentre is your first line of inquiry for information on PEMD.

Renaissance Eastern Europe

The Renaissance Eastern Europe (REE) program, also run by the Department of Foreign Affairs, is designed to help the countries of Central and Eastern Europe and the former Soviet Union make the transition to free-market economies. REE seeks to increase the involvement of Canadian companies interested in establishing long-term business relationships with these markets.

REE supports venture-specific front end studies and enterprise-specific training and provides assistance in the form of a non-repayable contribution of up to 50 per cent of a company's eligible expenses, to a maximum of $100,000 per activity. Companies are limited to three distinct funded activities per government fiscal year.

For more information on Renaissance Eastern Europe, contact:

Hans Himmelsbach, Deputy Director
Renaissance Eastern Europe Program
Eastern Europe Division
Department of Foreign Affairs and International Trade
Lester B. Pearson Building
125 Sussex Drive
Ottawa, Ontario
Tel.: (613) 996-6652/Fax: (613) 995-1277

Canadian International Development Agency

The Canadian International Development Corporation (CIDA) is Canada's lead agency with the Asian, African, Caribbean and Inter-American development banks. (The Department of Finance manages Canada's participation in the World Bank and the European Bank.) CIDA's primary objective is to support sustainable development in developing countries in order to reduce poverty and contribute to world security and equitable prosperity.

Many Canadian firms competing successfully in developing countries today were first introduced to the international arena through CIDA bilateral contracts and then built on that experience with the support of CIDA's Industrial Cooperation Program (INC).

INC works to help the Canadian private sector act as agents and beneficiaries of project activities. In particular, it encourages the private sector to engage in sustainable activities in developing countries and establish long-term business relations with developing country partners.

Firms can receive financial assistance from INC to conduct preliminary evaluations and feasibility studies of projects and for project support such as training and transfer of technology.

To be eligible, firms must have been in business for at least three years and, as a rule, have had annual sales of more than $1 million for at least two consecutive years.

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The applicant kit can be requested by phone at (819) 953-5444 or by fax at (819) 953-5024, or by writing to:

Industrial Cooperation Program
200 Promenade du Portage
Hull, Quebec
K1A 0G4.

For more information on CIDA's relationship with the IFIs, contact:

Cynthia Torrico
Administrative Assistant
Tel.: (819) 997-2546/ Fax: (819) 953-5348

Mailing address:

International Financial Institutions
Multilateral Programs Branch
Canadian International Development Agency
200 Promenade du Portage
Hull, Quebec K1A 0G4
Fax: (819) 953-5348

Export Development Corporation

The Export Development Corporation (EDC) plays a key role in facilitating Canadian participation in IFI project implementation by providing advice on market conditions, foreign investment and credits insurance services and export credit financing for IFI capital project execution.

EDC's export credit insurance covers up to 90 per cent of losses and insures export contracts against commercial and political risks such as insolvency or default of foreign customer, refusal of goods by customer, payment delays caused by transfer difficulties, cancellation of the contract, war or hostilities, and cancellation or non-renewal of export or import permits.

Foreign investment insurance provides 90 per cent coverage for three types of political risk: transfer of funds--converting local earnings into hard currencies; expropriation, or being unable to conduct your business because of actions by the host government; and war, revolution or insurrection.

Regional offices of EDC are located in Vancouver (604) 666-6234, Calgary (403) 292-6898, Winnipeg (204) 983-5114, London (519) 645-5828, Toronto (416) 973-6211, Ottawa (613) 598-2992, Montreal (514) 283-3013 and Halifax (902) 429-0426.

Canadian Commercial Corporation

The Canadian Commercial Corporation (CCC) offers a wide range of services to help Canadian firms conclude IFI-financed sales to developing country governments and deal with their executing agencies. In such transactions, CCC assumes the role of prime contractor and assists the supplier in all phases through to the completion of a transaction. CCC takes part in negotiations and signs the contract with the customer. It then matches that obligation through a domestic contract with the Canadian supplier and follows through to the implementation of the contract, including payment to suppliers and collection from customers.

Exporters using the services of CCC benefit from the added credibility implicit in Canadian government support for their ventures. As well, through its Progress Payment Program, CCC can offer smaller companies pre-shipment financing beyond what is available to them from Canadian banks.

For more information, direct inquiries to

Canadian Commercial Corporation
Metropolitan Centre, Suite 1100
50 O'Connor Street
Ottawa, Ontario K1A 0S6
Tel: (613) 996-0034/Fax: (613) 995-2121

Provincial Governments

The governments of British Columbia, Alberta, Ontario, Quebec and Nova Scotia have designated IFI contacts who provide a service similar to ITCs with regard to provincial programs or sources of assistance for bid preparation, trade missions and travel to assess market prospects.

In Ontario, the Ontario International Trade Corporation, of the Ministry for Economic Development, Trade and Tourism, offers support for preliminary marketing.

7. Summary of Recommended Actions by the Interdepartmental Task Force on IFI Procurement – Final Report, June 1995

Strategic Focus and Coordination

- Incorporate IFI procurement objectives explicitly into Canada's policy deliberations with all IFIs.
- Focus existing resources on a limited number of high-potential IFI opportunities in priority sectors and countries where industry is exercising leadership and collective commitment.
- Establish interdepartmental Capital Projects Action Team, with strategic direction from the private sector, to focus government IFI programs, implement the recommended actions and oversee a proactive three-year Action Program, targeting IFI projects in several sectors and markets.
- Target proactive government efforts towards suppliers and sub-suppliers of goods and equipment and firms capable of acting as prime bidder or consortia leader. Facilitate strategic alliances, consortia formation and sub-supplier links with prime contractors in Canada and elsewhere.

Financial Instruments

- Link financial support programs to assist company efforts at key points during the IFI Project Cycle in a more sustained manner, with greater attention to the implementation stage.
- Replenish several three-year Consultant Trust Funds, from existing CIDA resources, targeted to the sectors and countries selected for the Action Program.
- Define CIDA and EDC policies on official aid and export credit co-financing.
- Maintain CIDA IFI co-financing to at least current levels, with the majority of these funds over the next three years targeted to priority projects in the sectors and countries of the Action Program.
- Negotiate interdepartmental Umbrella Co-financing Agreements with each IFI, covering country and sectoral interests, official and export credit co-financing, trust funds and co-financing meetings.

Information Flows and Human Resources

- Make all basic IFI information more readily accessible within Canada at International Trade Centres and provincial government offices.
- Refocus efforts of officers at Posts and IFIs towards supporting committed firms pursuing specific project opportunities. Formally establish an IFI Procurement Specialist Network, working closely with provincial governments, as the key conduit of IFI project intelligence to the private sector.
- Promote and expand strategic secondments and exchange programs with IFIs and technical placements in key ministries and departments in borrower countries.
- Publish quarterly lists of CIDA operational and planned projects and successful bidders on major IFI contracts.

8. Checklist for Firms Interested in Bidding on IFI-Supported Housing Projects in the Developing World

This list is for builders, developers and engineering firms that either on their own, or by forming a consortium with other firms, are considering bidding on a large IFI-supported housing project in the developing world. It is intended to help them in making the kinds of complex decisions that will face them in structuring both their bid and their project.

Obviously, every IFI-funded capital project has unique characteristics, and it is impossible to cover every issue you might have to contend with. The questions and issues that follow, therefore, can be a followed as a general guide only. You will need to exercise due diligence as you consider the structuring of your project. The material presented here has been adapted from a checklist of issues normally considered by leading firms who are actively engaged in the international capital projects marketplace prepared for a report by Toronto Consultants International Limited for Industry Canada and DFAIT.

I. Market Intelligence and Pre-Screening

Host Country: Preliminary Analysis

- In which developing country is this housing project, or project with a housing component, which is of interest to your firm, located?
- How do the IFIs, the Canadian government and the Export Development Corporation view this developing country?
- Will this project receive IFI support?
- What is the assessed level of political risk in this developing country?
- Does your firm (or its strategic allies) have an on-site presence in this developing country to identify and influence key decision makers?
- Does the project offer enough benefit to the local people to make it politically attractive to the host country government?
- Does the project have any eventual negative implications that could generate local or international opposition (environmental effects, effects on local way of life, etc.)?

Initial Risk-Reward Considerations

- How large is this project and what is the level of involvement of your firm (and its consortium allies, if any)?
- What is the estimated length of time you need to plan the project and prepare the bid?
- Is the expected budget large enough to make this project worthwhile for your firm?

Likely Partnership Models

- What is the partnership model to be used on this project (BOO, BOOT, BOT, Design Build, EPC, Turnkey)?
- Does the host government have any experience with any of these partnership models?
- Is the host government likely to hire professional advisors to help define its objectives and formulate its strategy?
- Is the host developing country's legal and policy environment conducive to the kind of project financing required by the project?
- Is there a particular housing technology or type of housing supplier the developing country client is seeking for this project? Do you have this technology and are you this type of supplier?
- Do you have any local contacts who can help identify key decision makers? Do any of these decision makers, or their advisors, know and like your firm?
- Is the selection process of the winning bidder likely to be transparent and well defined?

Competitive Advantages/Disadvantages and Local Partners

- When is the project likely to move to a Request for Proposal?
- Who are your competitors? How are they perceived by the client? Does any one firm have an advantage over the rest of the field?
- What countries are your likely competitors be from? What kind of home government support do they enjoy? Do any of the competitors have a "track record" of government/housing industry cooperation in IFI procurement? How much IFI procurement business did this country win last year?
- Have you identified and attracted the interest of preferred local (host country) joint venture partners or subcontractors for this project? Do they have contacts with the key decision makers? Are you prepared to satisfy any IFI-mandated local contracting requirements?

Financial Arrangements

- Are the legal, tax and banking systems of the host developing country stable enough to support the execution of this project?
- Is the project financially feasible enough to attract commercial financing?
- Will you be able to find partners for this project who have the financial strength and professional track record you need to make a strong bid? Would these partners be willing to share liabilities, put up the required equity, form a vehicle company, provide in-house specialists and meet the bonding requirements?

Deciding Whether to Proceed

- Does you firm have the financial strength to pay its share of the proportionate funding of the front-end costs associated with the bid for this housing project?
- What are the best strategies for your firm's participation in this project?

II. Identifying and Mitigating the Risks

- Does the housing expertise and technology available from your firm, together with that of your consortium partners (if any), make the project appear technically feasible to knowledgeable third parties?
- Have you identified the main risks?
  - **Project Development Stage Risks:** Planning or environmental risks, construction delays, cost overruns, design risks, bankruptcy, etc.
  - **Operational Risks:** Lower cash flows than expected, collapse of the franchisee, government intervention, etc.
  - **Financial Risks:** Currency convertibility, exchange rate risk, interest rate fluctuations, etc.
  - **Political Risks:** Government expropriation, legal challenges, unilateral action on capping revenues from the project, etc.
- How have you decided to manage the above and other risks? Insurance? Indemnities? By passing them on to other project participants?
- Have you identified risks you cannot pass on to other participants, but are an integral part of your participation in the project?
- Do you have a system in place to manage your part of the project at each step, and to assess current and future risks on an ongoing basis?

III. Essential Ingredients for Success

- Does this housing project appear viable enough to attract and secure the necessary financing?
- Is the host government of the developing country committed to the housing project? Is there a perceived need for it? Does it enjoy strong public support? (If a residential project) Do local people like Canadian-style housing? Is there a cultural housing preference factor to overcome? Has this been done?
- Do you have a strong champion to mobilize support for the project within the Canadian government? (i.e, "Team Canada" approach, support at high levels, concessional financing, etc.)
- Are the project's sponsors credible and creditworthy? (If turnkey, or other partnership model) Has an operator with a good track record been secured for the franchise?
- Has the allocation of risk been agreed upon by the various parties?

IV. Initial Set-up Activities

- Have you appointed well-qualified advisors from the start to deal with legal, financial and risk issues?
- Did you prepare an information memorandum to prove that the project is viable and to attract lenders and participants?

- Did you prepare a financing plan to show that the sources of financing have been considered?
- Did you prepare a security package to establish th means of security, its effectiveness and its allocation?
- Have you assigned key people in the developing country, or have you set up a wholly-owned local subsidiary company, to maintain close liaison with the key decision makers and to negotiate the structure of the project?

  - ☐ Activities
  - ☐ Project Initiation and Planning
  - ☐ Design
  - ☐ Financing
  - ☐ Construction
  - ☐ Ownership
  - ☐ Operation
  - ☐ Revenue Collection

V. How to Choose a Strategic Partner

- What resources does the prospective partner bring to the project?

  - ☐ Money
  - ☐ Housing or other technology
  - ☐ Information
  - ☐ Risk analysis
  - ☐ People

- What key relationships does the prospective partner bring to the project?

  - ☐ Has a high profile with buyers and key decision makers
  - ☐ Has well-established local, on-site networks in both the local government and the local housing industry
  - ☐ Has access to commercial banks and other financing sources

- What is the reputation of the prospective partner?

  - ☐ Has a credible track record in IFI-supported international housing projects
  - ☐ Is innovative and resourceful
  - ☐ Is a disciplined entrepreneur

- What capabilities does the prospective partner have?
  - ☐ Technological expertise
  - ☐ Relevant experience in IFI-supported international housing projects
  - ☐ Functional competence
  - ☐ Creative talent
  - ☐ Managerial ability
  - ☐ Marketing skills
  - ☐ Entrepreneurial skill
  - ☐ Knowledge of pools of capital
  - ☐ Ability to think strategically
  - ☐ Access to Export Development Corporation coverage
- Will the corporate culture and personalities of the prospective partner mesh well with those of your firm?
  - ☐ Values of the partner firm
  - ☐ Style and personalities of key people

9. IFI Procurement Guidelines

Important Note

All of the banks' main procurement guides or manuals both for goods/civil works and consulting services, as well as a great deal of other explanatory material, are available online. The material presented is an outline of some important points from each guide. For the full texts, please refer to Chapter 12 for the site locator, enter it on your Net browser, and download the full text, or write to the Bank in question.

Goods and Services

African Development Bank

This bank's manual is called *Rules of Procedure for Procurement of Goods and Services*. It is available from the Canadian Liaison Officer with the African Bank at the Canadian Embassy in Abidjan, Ivory Coast, or from the bank. Registration with the bank for procurement is required. Forms can be obtained from the Canadian Embassy liaison officer or from the bank's Procurement Services Unit and should be completed, submitted and kept up-to-date.

Local companies are allowed preferences of up to 15 per cent in bid evaluations. Canadian housing exporters' competitiveness, however, can be enhanced through partnerships with African counterparts. Of special note to the Canadian housing product manufacturers: calls for tenders are in many small lots, favouring participation by specialized manufacturers and local small and medium-sized businesses. In some sectors where supply is specialized or concentrated, companies may be contacted directly by the borrower for sole-sourcing or limited competitive bidding.

Asian Development Bank

The bank's manual is the *Guidelines on Procurement Under Asian Development Bank Loans*, available from the OLIFI or the bank in Manila. Borrowers of funds are responsible for all procurement decisions, apart from technical assistance contracts administered directly by the bank. No International Competitive Bidding (ICB) thresholds are specified. Alternatives to ICB are allowed in certain circumstances. Margins of preference are given to domestic suppliers of goods, works and services. Prequalification is required for most civil works contracts, turn-key contracts, and contracts for manufacture of costly and complex equipment.

Borrowers are required to advertise invitations to prequalify and/or bid in the local newspaper of widest circulation and in at least one English-language newspaper, if available in the country. As well, borrowers are required, not merely encouraged, to distribute invitations to local representatives of member countries (in embassies, consulates or trade

offices) and to specially designated addressees with responsibility for disseminating information on tendering opportunities.

Caribbean Development Bank

See this bank's *Guidelines for Procurement* (available from the OLIFI, the bank or from the DFAIT geographic trade divisions dealing with the Caribbean borrowing countries).

A distinctive feature of Caribbean Bank-funded procurement is that to be eligible, all equipment listed on a Canadian firms' bid must be manufactured in Canada. This could be to the advantage of small Canadian companies through the formation of partnerships or through subcontracting to the bidding firm. A 15 per cent margin of preference (or the actual import duty, whichever is higher) is accorded to local and regional products. Although registration with the Caribbean Bank is not mandatory, it is advised because the bank maintains a database of registered companies and on occasion sends them project information. Forms can be obtained directly from the bank.

European Bank for Reconstruction and Development

The following publications: *Procurement Opportunities, Procurement Policies and Rules*, and *How to Work with the European Bank for Reconstruction and Development*, are available from the OLIFI in London, or the bank: EBRD, 122 Leadenhall Street, London, U.K., EC3V 4EB.

The bank's stipulations include international notification and advertising of opportunities; document preparation in language(s) widely used in international trade; clear and neutral specifications and evaluation criteria; and no domestic preference.

For projects undertaken by private-sector enterprises operating in competitive markets, the bank must be satisfied that procurement is carried out under normal commercial practices that ensure a sound selection of equipment at competitive prices. In appropriate cases, it will encourage (but not mandate) procurement through competitive tendering. In other words, because the process is commercially confidential, the open bidding procedures used in public-sector procurement do not apply.

For projects undertaken by public-sector clients, the bank normally requires open international tendering procedures, as defined in its procurement stipulations. Other procedures, such as selective tendering, single tenders and shopping, are also permissible.

Inter-American Development Bank

The Bank's procurement guide, *Basic Procurement Policies and Procedures of the IDB*, is available from the OLIFI at the Bank in Washington.

Procurement of goods and equipment for projects must be effected through International Competitive Bidding when the value of a tender exceeds US$ 350,000. For civil works

procurement, the ICB threshold is US$5 million. Above these amounts, borrowers must advertise bidding opportunities in international publications, including *Development Business*, and in local newspapers with wide circulation.

Borrowers are encouraged, although not required, to notify embassies of member countries that are likely sources of suppliers. Suppliers of goods and equipment do not register with the Inter-American Bank.

World Bank

Guidelines: Procurement under IBRD Loans and IDA Credits and many related publications, some listed below, are available from the PIC or the OLIFI in Washington.

Distribution by the borrower of invitations to local embassies of potential suppliers is encouraged, but not mandated. Firms are excluded from participation if they or their affiliates were engaged by the borrower to provide consulting services for the preparation and implementation of the projects.

Standard Prequalification Documents: Procurement of Works – Major Equipment and Industrial Installations: This publication, available for a small fee, provides guidance to borrowing countries. Because borrowers are encouraged to prequalify potential contractors for large works or major equipment tenders, it may be worth your while to know how the prequalification process works for either you or your prime contractor.

World Bank Project Information Document: This is a new type of World Bank document. It makes World Bank project information available during preparation of project specifications. It provides a brief summary of the evolving project and is subject to updating and expansion as preparation proceeds. Available from the World Bank's Public Information Center. (Full documents available on-line.)

World Bank Staff Appraisal Report: The Staff Appraisal Report is the final report of a World Bank project containing a description of the project and how it will be implemented. Available only for projects approved after January 1, 1994. The abstract of the report is available online from the bank's Public Information Center.

Consultant Selection

African Development Bank

Guidelines for the Use of Consultants: Short lists established by borrowers for consultant selection must include five to seven consulting firms or three to four individual consultants. These must be drawn from a wide geographic area with at least one from regional member countries and no more than two from any single country. Both technical merit and price are taken in consideration in making contract awards. Contracts are normally awarded to the firm combining the highest ranking on technical merit and the lowest price.

Registration with the African Bank is not mandatory but is desirable. Consultants should request the forms from the Bank's Central Projects Department or from the Canadian Liaison Officer at the embassy in Abidjan. The bank also has access to the World Bank's DACON roster.

Asian Development Bank

Guidelines on the Use of Consultants by the Asian Development Bank (AsDB) and Its Borrowers: Other things being equal, the Asian Bank gives preference to engaging domestic consultants or a combination of domestic and foreign consultants. The bank itself is a major user of consultant services. Interested Canadian firms must determine at the outset whether to market their services to the borrower or the bank.

The selection procedure for individuals are simpler: the bank ranks the short-listed individuals on the biodata details and selects the best-qualified person. Firms interested in either technical assistance contracts or work with borrowers should register on the World Bank's DACON roster. Individuals can register with the Data on Individual Consultants (DICON) roster.

To pursue specific, project-related consulting opportunities, consultants should send letters of interest to the Consulting Services Division. Such letters should be copied to the project officer in charge of the target project.

Caribbean Development Bank

Selecting a Consultant (available from the bank or the Department of Foreign Affair's trade division). The bank's policies do not differ greatly from those of the major IFIs.

European Bank for Reconstruction and Development

Most consultancy assignments for project preparation are funded by the various components of the bank's technical co-operation funds. Because these are largely tied to the donor countries, Canadian prospects, unlike at other IFIs, are linked to the availability of funds in the Canadian Technical Co-operation Fund at the European Bank.

Brief notices of technical co-operation projects are published by fax to subscribers of *Procurement Opportunities* immediately after approval by the bank. Contracts of under ECU 50,000 are normally selected directly, without short-listing. Publication of formal calls is now made for all corporate service contracts of ECU 200,000 or over. Only those consultants formally invited to submit a proposal or negotiate a contract will be sent complete terms of reference. Others will not receive notice that they have not been retained.

The European Bank has access to the World Bank's DACON and maintains its own database on individuals and firms with expertise in such sectors as privatization, enterprise restructuring, investment banking, financial advisory services or environment.

Interested parties are invited to send a brief letter (2 pp. max.) to the Consultant Contracts Unit, EBRD, Tel: 44-1710338-6909, Fax: 44-171-338-6100, stating experience and expertise. Request for forms and submissions for DACON registration should be sent directly to the DACON Information Centre at the World Bank.

Inter-American Development Bank

To be entered for consultancy with the Inter-American Development Bank, firms must register with the bank's Professional Services Office by completing the DACON registration form. The form requests information on the firm's technical competence, experience, staff and language capabilities and should be updated every two years.

Note: Proficiency in Spanish is a definite asset in pursuing bank-funded opportunities.

Individuals interested in short-term assignments directly with the bank can register on a separate roster for individuals and for firms with fewer than six professionals.

World Bank

Guidelines for Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency: This booklet is essential reading for any consultant interested in development world business. The bank maintains a computerized roster (now on CD-ROM) called the Data on Consulting (DACON) system, which contains purely descriptive information provided by the consulting firms themselves and not independently verified by the bank. Registration is limited to active firms with at least five full-time professionals who each have a minimum of five years' experience in their respective fields.

The IFIs and borrowing countries may refer to DACON, but they rarely use it to source consultants. Its primary purpose is to provide or confirm information.

Registration diskettes are available from the bank by writing to

DACON Centre
The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States
Tel: (202) 458-4095
Fax: (202) 522-3318

Individuals can register on a roster for assignments directly with the bank by sending a covering letter on company letterhead and a resume to the Personnel Management Department, Room 0-4146, at the World Bank mailing address. The roster is for internal use only by Bank staff who may refer to it when seeking experts for short-term assignments, usually in the field, to supplement the bank's in-house expertise.

10. Annotated Bibliography

Canada Mortgage and Housing Corporation. September 1995. *Directory of Sources of Support for Canada's Housing Exporters.* 42 pages. Summary of federal, provincial and other Canadian programs and services to support Canadian housing exporters, published by CMHC's International Relations Division.

Canada Mortgage and Housing Corporation. Undated, companion volume to above. *National Strategic Framework for Canada's Housing Exporters: Report of the Federal Housing Export Strategies Task Force.* 14 pages. Key federal government strategy document published by Task Force with membership from CMHC, Industry Canada, DFAIT, Natural Resources Canada and the National Research Council.

Canadian International Development Agency. Undated but recent (1996?). *The World Bank: Canada's Role.* English-French bilingual format. 15 pages English, 17 pages French. Good overview of CIDA's role in Canada's World Bank contribution.

Department of Foreign Affairs and International Trade Canada and others. *Interdepartmental Task Force on IFI Procurement.* Final Report, 1995. Observations and recommendations of the task force on ways in which government can enhance IFI-financed procurement by Canadian exporters. Available from the InfoCentre of the Department of Foreign Affairs and International Trade at 1 (613) 944-4000.

Department of Foreign Affairs and International Trade. November, 1995. *The World Bank Group and the Inter-American Development Bank: A Canadian Business Guide.* 40 pages. Prepared by the Office of Liaison with International Financial Institutions (OLIFI) in Washington, provides advice to prospective bidders on effective liaison with bank staff.

Department of Foreign Affairs and International Trade. March, 1994. *Canadian Procurement at the World Bank and the Inter-American Development Bank.* 32 pages. Prepared by the Office of Liaison with International Financial Institutions (OLIFI) in Washington. Describes how Canada has fared in World Bank and IDB procurement.

External Affairs and International Trade Canada. March 1991. *International Financing Data: A Business Guide to Export Financing and Other Financial Assistance.* Eighth Revision. 24 pages. Out of print. Available at DFAIT and other libraries. Dated, but still of value for its comprehensive overview of Canadian government export financing and export assistance programs, including large, detailed section on business opportunities through IFIs.

European Bank for Reconstruction and Development. *How to Work with the European Bank for Reconstruction and Development.* Available from the bank at the following address: 122 Leadenhall Street, London, U.K. EC3V 4EB.

Foreign Affairs and International Trade Canada. 1995. *Directory of the Canadian Trade Commissioner Service.* Foreign Affairs and International Trade Canada, Trade Communications Division (BCT) and InfoCentre Data Base (8XA). 61 pages. Available at the nearest International Trade Centre (at least one in each province).

Heritage Canada. 1993. *Multiculturalism Means Business: A Directory of Business Contacts.* 88 pages. Includes ethno-Canadian business organizations with connections to many countries. Organized by province, there are also sections on ethnic media and ethno-cultural directories. Available at libraries.

Kindra, Gurprit S. July 1993. *Canadian Procurement Strategies at the World Bank.* 41 pages. ISSN: 0824-4316. University of Ottawa, Faculty of Administration. Working Paper 93-33. Good discussion of how Canada has fared in World Bank procurement.

Toronto Consultants International Limited. 1994. *The Structuring and Financing of International Capital Projects: A Report prepared for Industry Canada and the Department of Foreign Affairs and International Trade.* Overview of trends and realities in international project financing with reference to five case studies.

United Nations. *Development Business: Fortnightly Guide to Consulting, Contracting and Supply Opportunities Around the World.* Bimonthly periodical published by the UN Department of Public Information. 24 to 28 pages. Subscriptions: US$495 for 24 issues sent first class or by air mail. Address: P.O. Box 5850 Grand Central Station, New York NY 10163-5850. Tel: (212) 963-1515/Fax: (212) 963-1381. Features brief descriptions of every project moving through the procurement cycle for the World Bank, Inter-American Bank and African Development Bank. Publishes new World Bank project approvals; notices for procurement being funded by all six IFIs and by UN agencies, including the United Nations Development Programme; and lists all contracts awarded under the World Bank and Asian Development Bank. Electronic version: consists of two databases – *Scan-a-Bid (SCAN)* and *Summary of Proposed Projects (SOPP)*, available through DataStar. Cost for time spent on-line is US$90 per hour and for documents displayed or printed, US$1.18. Subscribers to *Development Business* get a 33 per cent discount on these rates. A free password for DataStar may be obtained by calling 1-800-221-7754. Address for *Scan-a-Bid* is Room DC1-560, P.O.Box 5850, Grand Central Station, New York, NY 10163-5850. Tel: (212) 963-8459; Fax (212) 963-1381.

11. Key Contacts

World Bank Public Information Centre

Information on World Bank projects can be culled from the bank's Public Information Centre. The centre can be visited in person or by way of the Internet and is located at:

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1776 G Street, N.W.
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For the online version, call

Scan-a-Bid Online Data Service
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